



SIRVA MORTGAGE: INDUSTRY SNAPSHOT

May 2023

A Quick Update on the Latest Market Trends

The following update was curated by industry experts at Sirva Mortgage specifically for you and other global mobility professionals.

HOME SALES



The National Association of Realtors® reports existing-home sales decreased 2.4% in March, a decline of 22% from a year ago. The median home price for an existing home decreased 0.9% from a year ago to \$375,700. Inventory is at a 2.6-month supply, which increased from a 2.0-month supply in March 2022.

RENTAL MARKET

High rental costs, inflation, rising unemployment, and recession fears are impacting rental demand. The median U.S. asking rent was \$1,937 in March according to Redfin, which reflects a year-over-year decrease of 0.4%. This is the lowest level in the past 13 months and the first annual decline since 2020.



MARKET CONFIDENCE



According to Freddie Mac, market confidence increased slightly in the first quarter of 2023, with 43% being confident the housing market will remain strong over the next year. This is up 9% from last quarter, but down 15% compared to last year.

HOUSING FORECAST

Housing activity will continue to be impacted by ongoing affordability constraints as homeowners are hesitant to sell and lose their low interest rate, according to Fannie Mae. There is also concern that recent banking instability may impact the availability of jumbo and construction loans.





PAUL KLEMME

President, Sirva Mortgage, Inc.

"The real estate and mortgage markets are quite choppy right now. Uncertainty with rising rates, inflation, bank failures, and limited housing inventory are making this spring very nontraditional. We expect this trend to continue in the near term."

US HOUSING IMPACT ON TRANSFERRING EMPLOYEES

Potential home buyers should expect to face affordability challenges due to high home prices and increased interest rates. Lack of inventory will continue to fuel competition among buyers as sellers are reluctant to list their home and lose their existing interest rate that is well below current market rates. Homes that do get listed are anticipated to sell quickly, although not at the same pace we saw last year. Sellers should ensure that their home is priced correctly if they want to remain competitive.

INSIDER TIPS



The Federal Housing Finance Agency (FHFA) directed Fannie Mae and Freddie Mac to promote affordable home ownership. In doing so, Fannie and Freddie shifted several Loan Level Price Adjustments (LLPAs) to improve costs for those with lower credit scores and increase costs for those with higher credit scores. LLPAs vary depending on loan features such as credit score, down payment, debt-to-income ratio, property type, and loan size. The change impacts the interest rate quoted to consumers. For example:

- ✓ A customer with a credit score of 740 with a 20% down payment will be quoted an interest rate .125% higher than prior to the change.
- ✓ A customer with a credit score of 640 with a 20% down payment will be quoted an interest rate .25% lower than prior to the change, however, the interest rate will still be higher than the customer with the credit score of 740.

The change is effective on loans delivered to Fannie or Freddie on or after May 1st, 2023.

Questions? Contact a Sirva Mortgage Director of Client Services.

Sources:

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<https://www.fanniemae.com/newsroom/fannie-mae-news/banking-system-instability-may-prove-catalyst-recession>

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